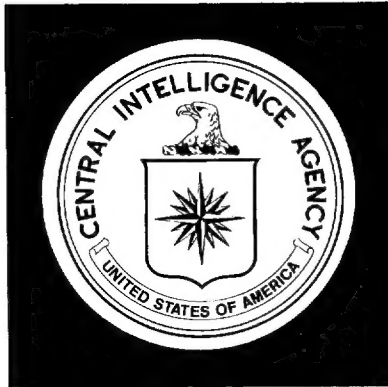


**Secret**

25X1



## Arms Sales to the Third World, 1976

State Dept. review completed

**Secret**

ER 77-10500  
September 1977

25X1

Approved For Release 2002/08/06 : CIA-RDP79B00457A000700110001-4

Approved For Release 2002/08/06 : CIA-RDP79B00457A000700110001-4

SECRET

25X1

---

## Arms Sales to the Third World, 1976

Central Intelligence Agency  
Directorate of Intelligence

September 1977

---

### Overview

Arms sales to the Third World fell to US \$14.4 billion in 1976, registering the second annual decline from the record \$20.7 billion sales of 1974 and the \$16.7 billion total of 1975. The reduction is attributable to (a) a huge backlog of outstanding arms orders and (b) the continuing heavy flow under old contracts of deliveries—\$8.7 billion in 1976—which was being absorbed into inventories of the less developed countries (LDCs). Over the next several years, we expect the market to stabilize around an annual average of approximately \$15 billion in sales and \$10 billion in deliveries.

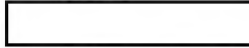
Middle Eastern and North African buyers continued to dominate the market. Iran and Saudi Arabia remained the largest single customers.

The US share of the market, though reduced from the 1972-75 average, was 54 percent of the total in 1976. At the same time the Communist share

*Note: This paper has been coordinated with the Department of State and Defense Intelligence Agency. US data are for fiscal years, from Defense Security Assistance Agency sources. Fiscal Year 1975 and 1976 data are preliminary. Because of differences in the categories included in arms sales data and, in certain cases, different methods of pricing arms sales, the data in this report have major problems of comparability. Data on US arms sales and deliveries are the most comprehensive—they include military hardware, support items (some of which are not recorded in data on other suppliers), and services (which are usually excluded from estimates of other suppliers' sales). This means that the US figures greatly overstate the role of the United States as a supplier of military hardware in the narrow sense. The problems and implications inherent in the use of customary data on arms sales will be discussed in a forthcoming report.*

SECRET

SECRET



25X1

rose to 20 percent. Non-Communist (except US) countries also expanded their share to 26 percent, despite a reduction in the absolute level of French, Italian, and West German sales in 1976. The United Kingdom, which maintained its record 1975 level of sales, was able to gain a sizable edge over West European competitors.

SECRET

## Arms Sales to the Third World, 1976

### Sales Drop Again

Arms sales to Third World customers continued to fall off in 1976, as major LDC buyers absorbed large deliveries of new equipment under old orders and concentrated on technical training and infrastructure development. While Saudi purchases rebounded from the temporary slump of 1975, other large customers—especially Iran, Syria, and Libya—reduced their orders. The reductions pushed sales down to \$14.4 billion, compared with \$16.7 billion in 1975 and \$20.7 billion in 1974. France, Italy, West Germany, and the United States bore the brunt of the reductions, their combined sales falling by almost 30 percent from 1975 (figure 1 and appendix tables 1 through 8).

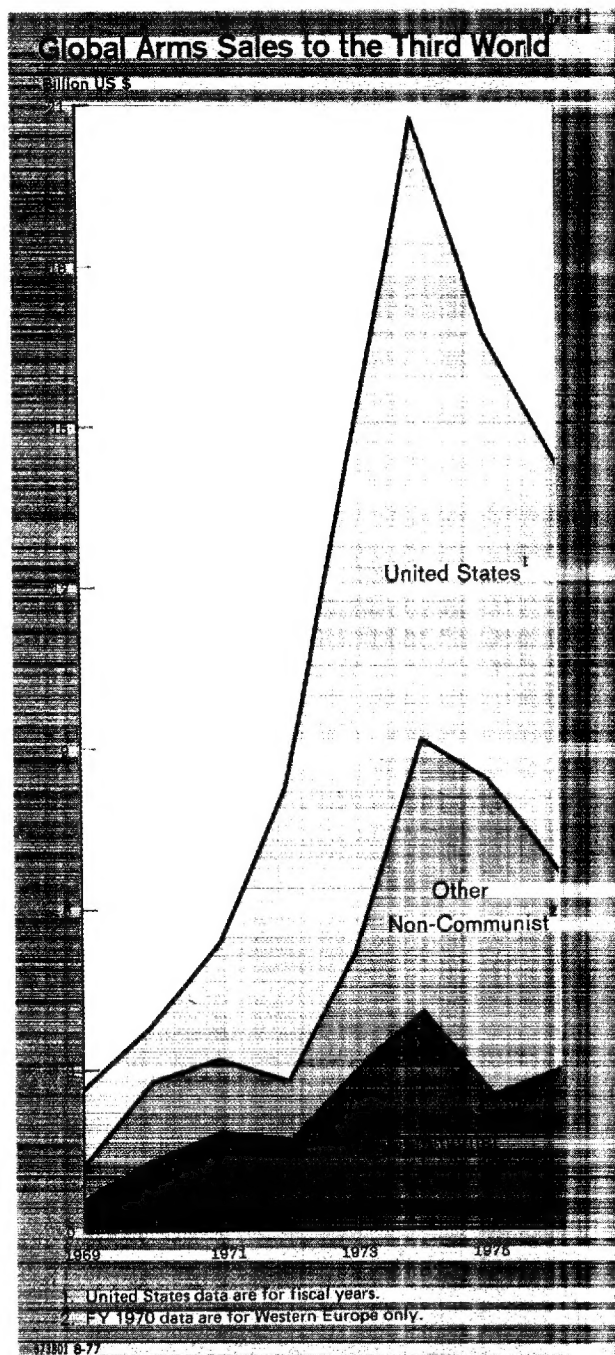
This second consecutive annual decline followed a precipitous rise that had culminated in record 1974 sales of \$20.7 billion. About a third of the increase was attributable to inflation. Substantial price rises were part of the global pattern of inflation; they were accentuated by the upsurge of Middle East orders after the 1973 war and supported by the new wealth of oil producers. The rising proportion of more expensive modern weaponry also helps account for the sharp rise in orders through 1974.

The decline in sales in 1975-76 is even more pronounced if viewed in real terms. The worldwide inflation has persisted. The inflation rate for arms probably is in the neighborhood of 6 percent per annum.

Altogether Third World nations purchased \$75 billion of arms in the past five years. Countries in the Middle East and North Africa accounted for 70 percent of the total.

### The Customers

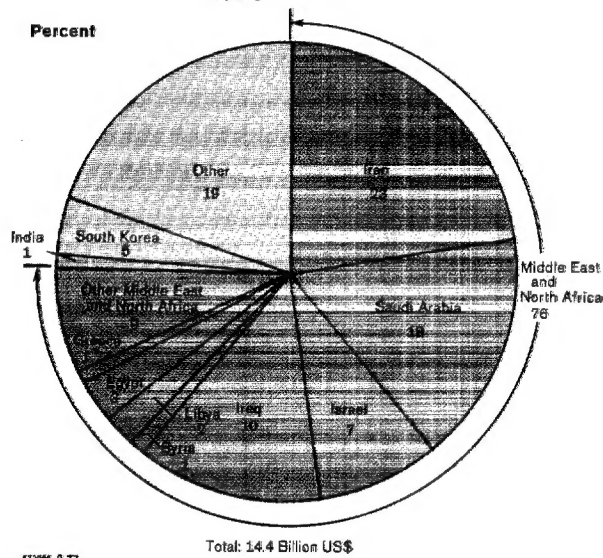
*Middle Eastern and North African* countries retained their position in 1976 as the most lucrative arms market in the developing world.



SECRET

SECRET

Figure 2  
Global Arms Sales to the Third World  
1976



Even though orders from the area fell well below recent records, continuing massive arms purchases by OPEC countries kept Western order books full and provided the USSR with a large new source of hard currency. Iran and Saudi Arabia still were the biggest customers, accounting for 40 percent of all LDC orders (figure 2). From only about \$1 billion in 1972, their combined purchases shot past \$8 billion in 1974. Subsequently, their orders have hovered around \$6 billion a year.

Iran's \$3.2 billion of orders last year continued to outrun Saudi Arabia's. In the past five years, Tehran has bought a total of \$15.8 billion

of arms to upgrade and to expand its armed forces and to project a big power image at home and abroad. Its purchases have included armored personnel carriers and artillery from the USSR, ships and advanced aircraft from the United States, and Chieftain tanks from the UK. The United States remains by far the largest supplier, although recent large purchases in the UK have reduced the US share to less than 50 percent, down from 80 percent during 1972-75.

Saudi arms purchases increased to \$2.7 billion in 1976, moving closer to Iran's. These expenditures again focused on infrastructure and support. More than any other LDC, Saudi Arabia has allocated massive amounts of money to military support facilities, such as base construction, vehicle maintenance facilities, and warehouses. In 1976, about two-thirds of the total value of its US contracts were for operation of Saudi facilities and for maintenance of F-5Es over a three-year period. Almost all of Riyadh's \$10.7 billion of foreign arms expenditures since 1971 have been in the United States, a pattern that continued last year.

Though dwarfed by Iranian and Saudi arms purchases, orders placed by other Middle Eastern and North African countries in 1976 were large by LDC standards.

- Iraq rose to third place on the buyers' list, largely because of a [ ] contract with the Soviets for jet fighters, missiles, and tanks.

- Israel's orders, while well below 1974 crisis levels, topped a billion dollars and featured fighter aircraft and missiles purchased from the United States.

- Egyptian orders rallied moderately after a two-year lull, with more than \$450 million of orders, placed largely in the West.

- New purchases by Libya and Syria fell off sharply in 1976 as these countries continued to take delivery under major contracts signed in earlier years.

Sales to *East Asia* as a whole were cut again from the already reduced levels that followed

Third World Arms Purchases,  
1972-76

	Million US\$	Percent
<b>Total</b>	<b>74,645</b>	<b>100</b>
Middle East and North Africa	53,063	71
Asia and the Pacific	15,460	21
Latin America	3,938	5
Sub-Saharan Africa	2,184	3

SECRET

SECRET

the end of the war in Vietnam. The drop was accounted for by the termination of US arms sales to Vietnam and Cambodia. South Korea, Taiwan, and Thailand—the largest East Asian arms customers—all expanded their purchases.

Led by Brazil, Chile, and Peru, *Latin American* countries pursued arms modernization programs begun a decade ago. Chile and Peru spent lavishly on modernizing their forces, each to enhance its security against the other. Peru's [redacted] orders from the USSR in 1976 moved Moscow into the forefront as Peru's major supplier; for the first time, the Soviets received orders from the Peruvian Air Force. Peru's navy, heretofore dependent on Western suppliers, also initiated negotiations for naval craft from the Soviet Union. The perceived threat from Peru gave the Chilean Government domestic support to increase arms purchases and to divert attention from persistent economic problems. Orders totaling \$40 million included submarine spare parts, helicopters, and missiles from the UK, West Germany, and Israel. Brazil's \$55 million of orders were mostly from the United States.

Arms for *sub-Saharan Africa*, while only a small fraction of the LDC total, continued to make headlines in 1976, partly because of the expanding Soviet commitment to the continent but also because of the high potential for conflict throughout the area. Growing national rivalries, national security problems, and an unstable political climate were all exacerbated by new promises of weapons for established governments and insurgent groups.

Sub-Saharan LDCs placed orders totaling about \$800 million last year, 43 percent with Communist countries. These orders maintained the new higher levels reached the year before and also included modern weaponry that had begun to flow into Africa in 1975. In East Africa a major arms race developed between Ethiopia and Somalia as political tensions mounted. It was fueled by a major new Soviet arms accord with Ethiopia; at the same time, Moscow remained Somalia's chief source of arms. Further south, Tanzania, Mozambique,

and Angola were major recipients of Communist arms.

### High Deliveries Continue

Despite the reduction in new orders in 1976, arms deliveries rose slightly as suppliers filled orders from previous heavy commitments. The \$8.7 billion of arms received by LDCs last year was surpassed only in 1973 during the massive resupply of the Middle East belligerents following the October War. The oil-rich clients again were the major recipients, with Iran's \$1.5 billion of receipts by far the largest. Next in order were Israel, Libya, Iraq, Saudi Arabia, and Syria, which together with Iran accounted for over half of all 1976 deliveries. In 1975 they had accounted for less than 45 percent (appendix tables 9 and 10).

The United States was the only major arms exporter—except for Italy—to experience a decline in the value of deliveries in 1976. Although US deliveries to large Middle Eastern clients were at near record levels, the virtual elimination of the Military Assistance Program (MAP) after fiscal year 1975 dragged the overall total down by more than 15 percent. This decline reduced the US share of arms deliveries to the Third World from 57 percent in 1975 to 44 percent in 1976.

The slack in US deliveries was more than offset by large increases from other Western and Communist countries. British and West German arms exports reached their highest levels, while French deliveries also rose sharply, although still below the 1973 peak. Communist shipments were at a near record pace, surpassed only by deliveries in the crisis year 1973.

Third World orders of expensive high-technology ordnance that showed up in 1976 deliveries included:

First Soviet deliveries of:

- Osa-II missile attack boats to Algeria, Libya, and India.
- The SA-3 surface-to-air missile system to Tanzania.

SECRET

3



**SECRET**

- MIG-21 fighter aircraft to Angola.
- MIG-bis aircraft and the SA-6 surface-to-air missile system to India.
- An F-class submarine to Libya.
- Advanced L version export model of the MIG-21 jet fighter to Algeria—Algeria's first aircraft from Moscow since 1974.

**First West European deliveries of:**

- One type-209 West German submarine to Venezuela.
- French Exocet antiship missiles and a West German guided-missile boat to Ecuador.
- One British Mark 10 guided-missile destroyer to Brazil.
- Two British Oberon submarines, six West German BO-105 helicopters, and 100 Israeli Shafir air-to-air missiles, all going to Chile.
- British Swingfire antitank missiles to Egypt.
- French Mirage III jet fighters to the United Arab Emirates.

In 1976 the United States for the first time exported advanced attack aircraft and missile systems to a number of LDCs. Iran received advanced variable-geometry F-14 fighters and F-5F fighters; Jordan, Redeye missiles; and Greece, A-7 attack aircraft.

**Suppliers**

Competition to maintain foreign earnings and to keep order books full intensified as LDC orders fell off last year. Historically, the United States has claimed the largest share of the market, followed by the USSR, France, and the United Kingdom. The data tend to overstate the US share of actual weapons sales, however, since only about 40 percent of the US total has consisted of actual military hardware. Another 40 percent has been for support, including communications and radar; the remainder has gone for training, construction of ancillary facilities, and other services. In contrast, the estimated

figures for Communist and other Western suppliers include very little infrastructural development and services.

France and Italy were most affected by reduced LDC demand in 1976 as their combined sales fell by almost 80 percent from 1975 levels. The United States also lost part of its market while UK orders maintained record 1975 levels, giving the British a sizable edge over other West European arms merchants. Meanwhile, the smaller Western exporters as a group more than tripled their sales, making some inroads into the shrunken 1976 market.

**The United States**

US weapons are among the most sought after because of their advanced technology and reputation for performance. Also important are Department of Defense and manufacturer support for incorporating the weapons into recipient military systems and reliable follow-on spare parts programs. These support and maintenance operations, especially for advanced equipment, create considerable follow-on sales, which may exceed initial outlays. Over the life of a US aircraft, the cost of support equipment (including initial and follow-on spares) and training may be two to four times the cost of the original plane; the cost of the initial support packages may be as much as 30 percent of the flyaway cost.

Virtual elimination of the MAP has put almost all US arms sales on a cash or credit basis under Foreign Military Sales (FMS) or commercial orders. US sales, which had skyrocketed in the mid-1970s, totaled \$42 billion for 1972-76. Sales peaked in 1974 at \$11.5 billion, fell to \$8.3 billion in 1975, and dropped further to \$7.7 billion in 1976. The recent declines reflect especially the reduction of Iranian purchases and the cutoff of aid to Vietnam. Meanwhile, record sales to Saudi Arabia established Riyadh as the largest US customer. Sales to Israel, the third largest buyer, did not change markedly from 1975; they remained down almost 60 percent from the 1974 peak.



SECRET

**Western Europe**

Italian, French, and West German arms sales declined far more sharply than US sales last year. Still, all major West European accounts, except Italy's, were well above pre-1974 levels.

The UK's 1976 sales maintained their fast 1975 pace and were highlighted by Iran's order of \$840 million worth of Chieftain tanks. The \$1.5 billion total was double the annual average of 1973-74 and moved the UK up to third place among LDC arms suppliers. The \$5 billion in British arms sales in the past five years have helped to bolster the United Kingdom's balance of payments and to maintain a healthy defense industry. Arms exports to LDCs have contributed to the employment of 300,000 in British arms factories—1 percent of the labor force—and account for about 3.4 percent of total exports. London also sees arms sales as yielding political advantages in certain areas of the world.

Until the mid-1960s, British weapons exports were almost entirely to former dependencies that London regarded as strategically important—Egypt, Iraq, Jordan, India, Pakistan, and South Africa. More recently most of the demand for British weapons has come from Iran and the oil-rich countries of the Arabian Peninsula. London's Middle Eastern and North African clients accounted for more than two-thirds of total British orders in 1972-76. Latin American countries, particularly Argentina and Brazil, also have purchased major amounts.

The United Kingdom has imposed few restraints on foreign arms sales, although as a general rule it forbids sales to countries engaged in military hostilities. All contracts are subject to Ministry of Defense approval. From time to time, political considerations have controlled sales, as illustrated by London's current refusal to sell arms directly to South Africa or to certain rightwing dictatorships. Credits are automatically extended for all sales, terms varying with the nature of the goods.

France, which had ranked as the largest arms supplier to the LDCs after the United States and the USSR, lost its place to the UK in 1976.

Sales tumbled to about a half billion dollars from more than \$2 billion the year before. Middle Eastern and North African clients have accounted for the bulk of France's total \$5.8 billion of military sales in 1972-76. Although the manufacture of weapons systems contributes only about 2 percent to France's GNP and directly employs less than 2 percent of the labor force, arms exports are considered vital for eliminating the trade deficit. Exports also are seen as an important way of reducing the unit cost of arms for the French military and as a means of expanding French influence abroad. Military equipment has ranked as the third largest French export in recent years, accounting for about 5 percent of total French exports and nearly 10 percent of the value of exports of finished industrial goods.

25X6

*West German* arms exports are small by global standards and in comparison with the size of the FRG economy. Bonn has sold a total of \$2.6 billion worth of arms to LDCs in the past five years. The 55-percent drop in 1976 sales, to less than a half billion dollars, increased pressures on the government to liberalize controls over arms exports. Bonn's policy is the most restrictive among major suppliers, authorizing the export of only a limited range of modern conventional weapons, primarily ground forces equipment. The weapons industry now employs about 200,000 workers directly and another 40,000 indirectly. Advocates for relaxation of controls argue that expanded arms sales would increase the number of jobs and help to reduce the slack in the steel and shipbuilding industries. They also argue that increased arms sales would help to stimulate orders for civilian goods.

SECRET

SECRET

## The USSR

Moscow's willingness to provide modern weapons to almost any LDC—often at prices below those for comparable Western equipment and on attractive financial terms—has given the Soviets a big slice of the LDC arms market. Sales in 1976 accounted for almost 20 percent of the world total; deliveries, for more than 25 percent. Many less developed countries obtained their first supersonic jet fighters, missile systems, or missile patrol boats from the USSR. Moscow, not bound by various restrictions that inhibit Western suppliers, has established itself as a credible supplier, particularly to countries with few other potential sources.

Moscow parlayed its arms deals into a \$2.6 billion business in 1976. If US costs of production were substituted for Soviet trade prices, the value of last year's sales would increase to almost \$3.5 billion. An estimated 70 percent of the 1976 orders will be paid in hard currency or its equivalent. A massive arms agreement with Iraq, huge new sales to Iran and Peru, and major contracts with India and Angola pushed the 1976 sales to heights previously reached only in 1973-74. Soviet sales in the past five years totaled \$12.4 billion, only 25 percent below sales of all Western Europe.

## Prospects

Given no major economic or military development that upset current international balances, we expect annual arms sales to the Third World to level off at about \$15 billion through 1980. This estimate does not take into account a possible multilateral agreement to restrict exports. It assumes that any further decline in the US market share will be taken up largely by other Western suppliers, especially France, the UK,

and possibly West Germany. We expect Moscow to continue its aggressive sales campaign, particularly in view of Soviet need for additional large inflows of hard currency; sales possibly could move up in the \$3 billion to \$4 billion range in the next few years. We assume a moderate slowing of the rate of inflation of arms prices because of reduced demand (in real terms) and some easing of cost pressures on munitions industries. In any event, a fairly stable dollar figure for arms sales in the Third World would entail a distinct downward trend in real volume, given likely inflation rates.

In making projections of demand, we have reviewed recent patterns and also have taken into account the \$45 billion in orders still outstanding at yearend 1976, which will require considerable time for absorption into LDC inventories. These orders could barely be worked off by 1980 even if present delivery levels rise by as much as 25 percent, to \$11 billion a year.

We expect demand to follow recent patterns, with the Middle Eastern and North African customers dominating the market. Perceived regional threats will continue to generate competition and to provide the rationale for large purchases in sub-Saharan Africa and Latin America. The countries in these areas will replenish and update their stocks to prepare for possible confrontation and, in the case of Africa, for large-scale insurgent activity.

LDCs will continue to seek modern weapons systems and large support packages. The existing absorption problem created by the more sophisticated weaponry will be accentuated and further increase the need for logistical support development and a larger deployment of trained personnel to use the equipment.

*The author of this paper is [redacted] International Trade and Services Division, Office of Economic Research. Comments and queries are welcome and should be directed to [redacted]*

SECRET

SECRET

## APPENDIX

Table 1  
Arms Sales to the Third World, by Supplier <sup>1</sup>

	Million US \$					
	1972-76	1972	1973	1974	1975	1976
<b>Total <sup>a</sup></b> .....	<b>74,645</b>	<b>8,283</b>	<b>14,611</b>	<b>20,706</b>	<b>16,682</b>	<b>14,363</b>
<b>Non-Communist Countries</b> .....	<b>60,521</b>	<b>6,549</b>	<b>11,599</b>	<b>16,654</b>	<b>14,232</b>	<b>11,487</b>
United States <sup>b</sup> .....	42,364	5,458	9,365	11,532	8,326	7,683
Western Europe .....	16,862	974	2,141	4,698	5,616	3,433
Other .....	1,295	117	93	424	290	371
<b>Communist Countries <sup>c</sup></b> .....	<b>14,124</b>	<b>1,734</b>	<b>3,012</b>	<b>4,052</b>	<b>2,450</b>	<b>2,876</b>
USSR <sup>d</sup> .....	12,372	1,504	2,808	3,506	2,003	2,551
Eastern Europe .....	833	151	131	325	136	90
China .....	340	78	24	81	36	121
Other <sup>e</sup> .....	579	1	49	140	275	114

<sup>1</sup> These data are sales and aid commitments and are to be differentiated from arms exports (deliveries).

<sup>2</sup> Recipient total includes Greece and Turkey and excludes Spain and Portugal.

<sup>3</sup> Data are for fiscal years, and data for 1975 and 1976 are preliminary.

<sup>4</sup> All values of Communist country agreements are at Soviet trade prices, which are generally lower than prices of comparable equipment sold to the West. Soviet dollar values do not indicate cost of producing comparable items in the US.

<sup>5</sup> If Soviet arms sold to the Third World were priced at US costs of production instead of trade prices, the total value would be increased by about one-third.

<sup>6</sup> Includes Cuban, North Korean, Vietnamese, and Yugoslav sales.

Table 2  
Arms Sales to the Third World, by Major Recipient

	Million US \$					
	1972-76	1972	1973	1974	1975	1976
<b>Total</b> .....	<b>74,645</b>	<b>8,283</b>	<b>14,611</b>	<b>20,706</b>	<b>16,682</b>	<b>14,363</b>
Of which:						
Iran .....	15,850	762	2,283	5,383	4,182	3,240
Saudi Arabia .....	10,653	482	2,652	2,962	1,835	2,722
Israel .....	5,230	530	205	2,521	914	1,060
Iraq .....	4,035	423	364	1,290	531	1,427
Syria .....	3,302	446	1,181	857	704	114
Libya .....	3,101	156	49	1,973	588	335
Egypt .....	2,193	431	1,095	22	179	466
South Korea .....	1,944	370	309	222	347	696
Greece .....	1,679	203	81	851	414	130
India .....	1,141	153	209	71	563	145

SECRET

7

SECRET

**Table 3**  
**United States: Arms Sales to the Third World<sup>1</sup>**

	Million US \$					
	1972-76	1972	1973	1974	1975	1976
<b>Total .....</b>	<b>42,364.4</b>	<b>5,458.2</b>	<b>9,365.1</b>	<b>11,532.4</b>	<b>8,326.2</b>	<b>7,682.5</b>
<b>Middle East and</b>						
North Africa ....	28,952.8	1,870.7	4,828.9	9,571.5	6,544.6	6,137.1
Egypt .....	67.4	0	0	0	Negl.	67.4
Greece .....	1,039.2	203.3	66.2	461.8	218.6	89.3
Iran .....	11,683.7	556.1	2,177.1	4,408.5	3,070.4	1,471.6
Israel .....	5,151.0	472.3	203.3	2,505.3	910.8	1,059.3
Jordan .....	869.6	60.6	48.0	103.2	146.8	511.0
Kuwait .....	554.4	0	Negl.	32.1	388.1	134.2
Lebanon .....	21.2	0.2	8.8	10.3	0.8	1.1
Morocco .....	448.2	7.5	2.7	8.3	300.8	128.9
North Yemen .....	136.6	0	0	2.6	.4	133.6
Saudi Arabia .....	8,325.3	465.8	1,999.3	1,924.7	1,408.4	2,527.1
Tunisia .....	12.0	1.5	3.9	2.3	2.1	2.2
Turkey .....	632.0	100.0	319.5	111.3	93.7	7.5
Other .....	12.2	3.4	0.1	1.1	3.7	3.9
<b>East Asia .....</b>	<b>12,128.6</b>	<b>3,432.0</b>	<b>4,366.0</b>	<b>1,677.9</b>	<b>1,490.1</b>	<b>1,162.6</b>
Cambodia .....	981.6	176.8	154.8	406.0	244.0	0
Indonesia .....	135.6	18.4	17.5	14.2	62.1	23.4
Laos .....	632.8	277.3	277.1	66.7	11.7	0
Malaysia .....	77.8	42.9	3.9	12.0	7.7	11.3
Philippines .....	176.0	14.8	23.0	22.5	54.2	61.5
Singapore .....	58.4	9.9	11.7	13.4	6.8	16.6
South Korea .....	1,872.3	370.2	309.0	198.4	300.3	694.4
South Vietnam ....	6,863.8	2,284.7	3,254.6	759.8	564.7	0
Taiwan .....	927.3	117.0	263.2	128.3	191.7	227.1
Thailand .....	402.1	119.6	50.8	56.5	46.9	128.3
Other .....	0.9	0.4	0.4	0.1	Negl.	Negl.
<b>Sub-Saharan Africa .</b>	<b>274.4</b>	<b>15.4</b>	<b>13.5</b>	<b>30.3</b>	<b>40.8</b>	<b>174.4</b>
Ethiopia .....	214.6	10.0	9.7	18.7	34.3	141.9
Nigeria .....	36.6	2.7	1.4	6.6	3.3	22.6
Zaire .....	16.1	2.4	.7	1.6	1.7	9.7
Other .....	7.1	0.3	1.7	3.4	1.5	0.2
<b>South Asia .....</b>	<b>154.9</b>	<b>3.4</b>	<b>19.5</b>	<b>16.1</b>	<b>47.4</b>	<b>68.5</b>
India .....	22.3	2.0	Negl.	3.3	8.4	8.6
Pakistan .....	132.4	1.4	19.3	12.8	39.0	59.9
Other .....	0.2	Negl.	0.2	Negl.	0	0
<b>Latin America .....</b>	<b>853.7</b>	<b>136.7</b>	<b>137.2</b>	<b>236.6</b>	<b>203.3</b>	<b>139.9</b>
Argentina .....	98.1	28.4	28.0	9.3	18.0	14.4
Bolivia .....	16.6	3.5	3.4	3.2	3.4	3.1
Brazil .....	208.6	33.1	15.7	75.5	31.6	52.7
Chile .....	150.1	6.6	15.5	77.8	41.5	8.7
Colombia .....	13.7	5.6	1.8	1.8	2.0	2.5
Ecuador .....	19.7	Negl.	Negl.	Negl.	16.4	3.3
Guatemala .....	15.2	4.0	3.9	1.8	2.1	3.4
Panama .....	11.0	0.6	3.6	4.0	0.8	2.0
Peru .....	124.5	1.5	25.0	43.7	26.4	27.9
Uruguay .....	20.6	3.4	2.6	2.9	8.7	3.0
Venezuela .....	140.5	47.2	28.5	9.4	44.8	10.6
Other .....	35.1	2.8	9.2	7.2	7.6	8.3

<sup>1</sup> Data are for fiscal years, and data for 1975 and 1976 are preliminary.

SECRET

Table 4  
Western Europe: Arms Sales to the Third World

	Million US \$					
	1972-76	1972	1973	1974	1975	1976
<b>Total .....</b>	<b>16,862</b>	<b>974</b>	<b>2,141</b>	<b>4,698</b>	<b>5,616</b>	<b>3,433</b>
France .....	5,756	291	484	2,391	2,064	526
United Kingdom .....	4,991	266	881	765	1,542	1,537
West Germany .....	2,564	247	241	705	940	431
Italy .....	2,052	121	432	539	839	121
Netherlands .....	417	14	40	93	34	236
Belgium .....	394	17	49	90	82	156
Other .....	688	18	14	115	115	426

25X1B

SECRET

25X1B

Approved For Release 2002/08/06 : CIA-RDP79B00457A000700110001-4

Next 1 Page(s) In Document Exempt

Approved For Release 2002/08/06 : CIA-RDP79B00457A000700110001-4

SECRET

Table 9

## Arms Deliveries to the Third World, by Supplier

	Million US \$					
	1972-76	1972	1973	1974	1975	1976
<b>Total</b> <sup>1</sup> .....	<b>41,407</b>	<b>6,466</b>	<b>10,090</b>	<b>7,946</b>	<b>8,196</b>	<b>8,709</b>
<b>Non-Communist</b> .....	<b>29,557</b>	<b>5,093</b>	<b>6,863</b>	<b>5,541</b>	<b>6,110</b>	<b>5,950</b>
United States <sup>2</sup> .....	22,161	3,896	5,650	4,119	4,649	3,847
Western Europe .....	6,317	1,009	1,103	1,246	1,224	1,735
France .....	2,115	375	519	416	349	456
United Kingdom ...	1,638	239	297	394	310	398
West Germany .....	1,382	222	119	185	260	596
Italy .....	632	83	94	177	167	111
Belgium .....	190	7	18	44	49	72
Netherlands .....	162	35	35	5	56	31
Switzerland .....	76	39	13	14	9	1
Spain .....	122	9	8	11	24	70
Other .....	1,079	188	110	176	237	368
<b>Communist Countries</b> ..	<b>11,850</b>	<b>1,373</b>	<b>3,227</b>	<b>2,405</b>	<b>2,086</b>	<b>2,759</b>
USSR .....	10,332	1,207	3,008	2,246	1,685	2,186
Eastern Europe .....	727	72	117	129	213	196
China .....	344	90	77	19	72	86
Other <sup>3</sup> .....	447	4	25	11	116	291

<sup>1</sup> Total includes Greece and Turkey and excludes Spain and Portugal.<sup>2</sup> Data are for fiscal years, and data for 1975 and 1976 are preliminary.<sup>3</sup> Includes Cuban, North Korean, Vietnamese, and Yugoslav deliveries.

Table 10

## Arms Deliveries to the Third World, by Major Recipient

	Million US \$					
	1972-76	1972	1973	1974	1975	1976
<b>Total</b> .....	<b>41,407</b>	<b>6,466</b>	<b>10,090</b>	<b>7,946</b>	<b>8,196</b>	<b>8,709</b>
<b>Of which:</b>						
Iran .....	4,654	556	566	885	1,180	1,467
Syria .....	3,241	282	1,273	1,017	282	387
Israel .....	3,006	282	242	1,052	725	705
Iraq .....	2,578	141	646	638	465	688
Saudi Arabia ....	1,877	159	124	480	480	634
Egypt .....	1,850	548	724	155	345	78
Libya .....	1,728	129	182	221	501	695
South Korea ....	1,235	367	283	118	217	250
Turkey .....	932	185	118	209	267	153
India .....	900	204	180	131	161	224

SECRET



**Secret**

**Secret**

29 August 1977

MEMORANDUM FOR: Chief, Distribution Section, P&PD/OL

FROM: Chief, Registry and Dissemination Branch, PPG

SUBJECT: Dissemination of OER Report, ER 77-10500  
(Job 425-1122-77), Arms Sales to the Third  
World, 1976, [REDACTED]

STATINTL

Attached is the dissemination list for subject report. Copies #1  
through #50 will be picked up or forwarded to PPG/R&D, Room 7G07,

STATINTL Hq. Please notify [REDACTED] when you receive

the remaining copies for distribution. When a report has an ELITE,  
the elite copies must be disseminated before standard distribution is  
made.

STATINTL

Attachment: a/s

STAT

Approved For Release 2002/08/06 : CIA-RDP79B00457A000700110001-4

Next 6 Page(s) In Document Exempt

Approved For Release 2002/08/06 : CIA-RDP79B00457A000700110001-4

(COPY)

MEMORANDUM FOR:  
Mr. Harold H. Saunders  
Director  
Bureau of Intelligence and Research  
Department of State

Attached is your personal copy of  
our memorandum, "Arms Sales to the Third  
World, 1976." ER 77-10500

MAURICE C. ERNST  
Director of Economic Research  
Central Intelligence Agency

18 SEP 1977

(DATE)

STAT

Approved For Release 2002/08/06 : CIA-RDP79B00457A000700110001-4

Next 5 Page(s) In Document Exempt

Approved For Release 2002/08/06 : CIA-RDP79B00457A000700110001-4

SENDER WILL CHECK CLASSIFICATION TOP AND BOTTOM			
UNCLASSIFIED		CONFIDENTIAL	
		SECRET	
<b>OFFICIAL ROUTING SLIP</b>			
TO	NAME AND ADDRESS	DATE	INITIALS
1	Ch, D/S	11 Aug	AGC
2	DD/OER	11 Aug	me
3	EO/ER	11 Aug	LS
4	ASA/ER	12 Aug	✓
5	DSA/ER	13 Aug	FC
6	PPG/R&D		
ACTION		DIRECT REPLY	PREPARE REPLY
APPROVAL		DISPATCH	RECOMMENDATION
COMMENT		FILE	RETURN
CONCURRENCE		INFORMATION	SIGNATURE
<b>Remarks:</b>  <p>Any additions or deletions to the attached suggested elite dissem?</p>			
<b>FOLD HERE TO RETURN TO SENDER</b>			
FROM: NAME, ADDRESS AND PHONE NO.			DATE
			8/11/77
UNCLASSIFIED		CONFIDENTIAL	
		SECRET	

FORM NO. 1-67

237

Use previous editions

☆USGPO: 1976 - 202-953

(40)

STATINTL

OFFICIAL ROUTING SLIP

PPG/R&D  
 ADVANCE  
 COPY

TO	NAME AND ADDRESS	DATE	INITIALS
1	Ch, D/S		
2	DD/OER		
3	EO/ER		
4	ASA/ER		
5	DSA/ER		
6	PPG/R&D		

<input type="checkbox"/> ACTION	<input type="checkbox"/> DIRECT REPLY	<input type="checkbox"/> PREPARE REPLY
<input type="checkbox"/> APPROVAL	<input type="checkbox"/> DISPATCH	<input type="checkbox"/> RECOMMENDATION
<input type="checkbox"/> COMMENT	<input type="checkbox"/> FILE	<input type="checkbox"/> RETURN
<input type="checkbox"/> CONCURRENCE	<input type="checkbox"/> INFORMATION	<input type="checkbox"/> SIGNATURE

Remarks:

Any additions or deletions to the attached  
 suggested elite dissem?

FOLD HERE TO RETURN TO SENDER

FROM: NAME, ADDRESS AND PHONE NO.

DATE

8/11/77

UNCLASSIFIED

CONFIDENTIAL

SECRET

FORM NO.  
 1-67

237

Use previous editions

USGPO: 1976 - 202-953

(40)

STATINTL



STAT

Next 12 Page(s) In Document Exempt